

**THE KINGDOM CHARTER SCHOOL OF
LEADERSHIP
Blackwood, New Jersey**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**The Kingdom Charter School of Leadership
Board of Trustees**

Blackwood, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

The Kingdom Charter School of Leadership Board of Trustees

Finance Department

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
TABLE OF CONTENTS**

INTRODUCTORY SECTION

<u>Exhibit</u>	<u>Page</u>
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION

Independent Auditor's Report	8-10
Required Supplementary Information – Part I Management's Discussion and Analysis (Unaudited)	11-19

Basic Financial Statements

A. Charter School-wide Financial Statements:

A-1 Statement of Net Position	20
A-2 Statement of Activities	21

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	23
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Funds to the Statement of Activities	24

Proprietary Funds:

B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6 Statement of Cash Flows	27

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	28
B-8 Statement of Change in Fiduciary Net Position	29

Notes to the Financial Statements	30-50c
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Required Supplementary Information – Part II

C. Budgetary Comparison Schedules: (Unaudited)

C-1 Budgetary Comparison Schedule – General Fund	51-53
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual	N/A
C-1b Community Development Block Grant – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	54

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)

<u>Exhibit</u>	<u>Page</u>
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	55
Required Supplementary Information - Part III (Unaudited)	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	56a
L-2 Schedule of District Contributions – PERS	56b
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	56c
Notes to the Required Supplementary Information – Part III	56d
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	57
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aide Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aide Schedule of Expenditures – Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues and Expenditures	N/A
F-2a Schedule of Project Revenues and Expenditures	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
TABLE OF CONTENTS**

<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information (Continued)	
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Position	58
G-2 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	59
G-3 Statement of Cash Flows	60
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	61
H-2 Combining Statement of Changes in Fiduciary Net Position	62
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	63
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	64
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	65
J-2 Changes in Net Position	66
J-3 Fund Balances, Governmental Funds	67
J-4 Changes in Fund Balances, Governmental Funds	68
J-5 General Fund Other Local Revenue by Source	69

Revenue Capacity

J-6 Assessed Value and Estimated Actual Value of Taxable Property	N/A
J-7 Direct and Overlapping Property Tax Rates	N/A
J-8 Principal Property Tax Payers	N/A
J-9 Property Tax Levies and Collections	N/A

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
TABLE OF CONTENTS**

<u>Exhibit</u>	<u>Page</u>
Debt Capacity	
J-10 Ratio of Outstanding Debt by Type	N/A
J-11 Ratios of Net General Bonded Debt Outstanding	N/A
J-12 Direct and Overlapping Governmental Activities Debt	N/A
J-13 Legal Debt Margin Information	N/A
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	70
J-15 Principal Employers	N/A
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	71
J-17 Operating Statistics	72
J-18 School Building Information	73
J-19 Schedule of Required Maintenance Expenditures by School Facilities	N/A
J-20 Insurance Schedule	74
Charter School Performance Framework Financial Indicators	
J-21 Charter School Performance Framework-Financial Performance, Fiscal Ratios	75

SINGLE AUDIT SECTION

K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	76-77
K-2 Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedules of Financial Assistance Required by New Jersey OMB Circular 04-04	78-79a
K-3 Schedule of Expenditures of Federal Awards, Schedule A	80
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	81
K-5 Notes to the Schedules of Awards and Financial Assistance	82-83
K-6 Schedule of Findings and Questioned Costs	84-89
K-7 Summary Schedule of Prior Audit Findings	90

INTRODUCTORY SECTION

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP

**121 WEST CHURCH STREET
BLACKWOOD, NJ 08012**

Ms. Wandria Hampton
School Lead
Telephone: (856) 232-0100

Ms. Riscee Langhorne
Business Administrator/
Board Secretary

November 27, 2015

Members of the Board of Trustees of
The Kingdom Charter School of Leadership
County of Camden
121 West Church Street
Blackwood, NJ 08012

Dear Board Members,

The initial comprehensive annual financial report of The Kingdom Charter School of Leadership for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of The Kingdom Charter School of Leadership. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The introductory section includes this transmittal letter, the Charter School's organizational chart and a list of principal officials.
- The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon.
- The statistical section includes the first fiscal year of unaudited data.
- The charter school is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management Budget Circular A-133, "Audits of States, Local Governments and Non-profit Organizations", and the New Jersey OMB circular letter 04-04 OMB and/or 15-08, "Single Audit Policy for recipients of federal grants, State grants and state aid payments". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Kingdom Charter School of Leadership is an independent reporting entity within the criteria adopted by the Government Standards Board (GASB) as established by GASB Statement No.14. All funds of the Charter school are included in this report The Kingdom Charter School of Leadership's Board of Trustees and it's school constitute the Charter School's reporting entity.

The Kingdom Charter School of Leadership is responsible for providing a thorough and efficient educational system for students in grades taught at the one school maintained. The Charter School completed the 2014 - 2015 fiscal year with an enrollment of 199 elementary school students.

2. ECONOMIC CONDITION AND OUTLOOK:

The Gloucester Township area is a rural community in Camden County and is presently considered to possess a stable economy.

Initiatives

The charter school has developed a comprehensive strategic plan to support its mission and vision and serve as a blueprint for the achievement of its goals. The plan includes objectives such as pupil achievement, staff development and technology in the classroom.

In addition, the financial condition of the District has improved during the 2014 - 15 school-year.

3. INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining internal control designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the Charter School also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the Charter School management.

As part of the Charter School's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the Charter School has complied with applicable laws and regulations.

4. BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

5. ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 2.

6. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

7. OTHER INFORMATION:

Management Company

As of July 1, 2014, the District hired a management company, Renaissance School Services, to support the curriculum and other operational goals of the school.

Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of the accounting firm of Nightlinger, Colavita and Volpa, PA, was selected by the Board's Audit Committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act amendment of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

8. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of The Kingdom Charter School of Leadership Board of Trustees for their concern in providing fiscal accountability to the community and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Ms. Wandria Hampton
School Lead



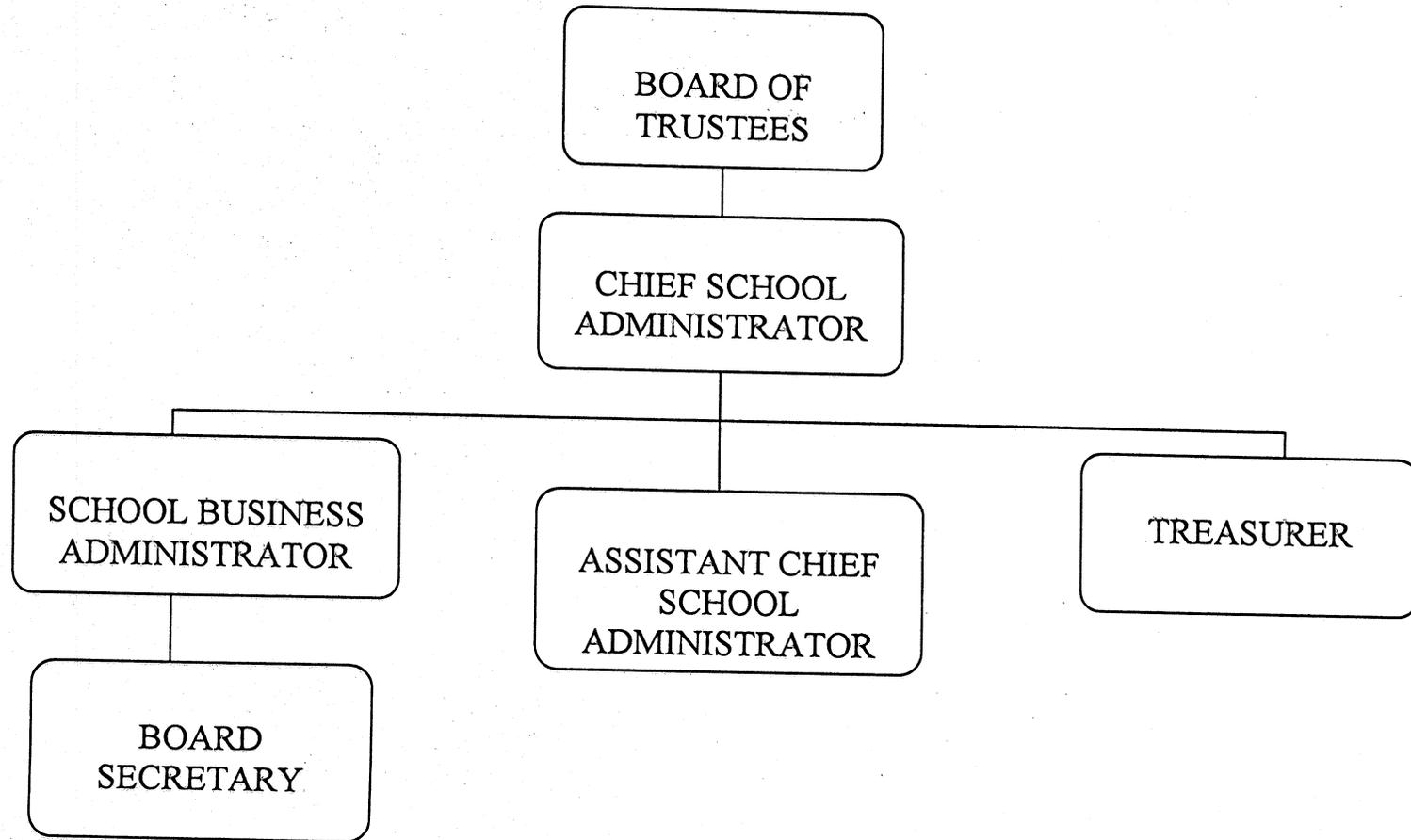
Ms. Risce Langhorne
Business Administrator/Board Secretary

The Kingdom Charter School of Leadership

Blackwood, New Jersey

Camden County

(UNIT CONTROL)



THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
BLACKWOOD, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2015

<u>MEMBERS OF THE BOARD OF TRUSTEES</u>	<u>TERM EXPIRES</u>
Maravi Melendez-Davis, President	2016
Kamilah Cobbs, Vice President	2017
Bob Fensterer, Fiance Chairman	2016
Michelle Johnston	2015
Christian Holland	2016

OTHER OFFICIALS

Wandria McCall-Hampton, Head of School	
Risce Langhorne, Business Administrator	\$100,000
Jeannie Scott, Treasurer	\$100,000
Mr. David A. Wollman, Solicitor	

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
CONSULTANTS AND ADVISORS

AUDIT FIRM

Raymond Colavita, C.P.A., R.M.A.
Nightlinger, Colavita and Volpa, P.A.
Certified Public Accountants
991 S. Black Horse Pike
Post Office Box 799
Williamstown, NJ 08094

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The Wollman Law Firm
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Gibbsboro, New Jersey 08026

Paul Barger
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Iselin, New Jersey 08830

OFFICIAL DEPOSITORY

TD Bank
55 South White Horse Pike
Stratford, New Jersey 08084

FINANCIAL SECTION

NIGHTLINGER, COLAVITA & VOLPA

A Professional Association

Certified Public Accountants

991 S. Black Horse Pike
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Williamstown, NJ 08094

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Fax (856) 728-2245
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November 27, 2015

INDEPENDENT AUDITOR'S REPORT

The Members of the Board of Trustees of
The Kingdom Charter School of Leadership
County of Camden
121 West Church Street
Blackwood, NJ 08012

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of The Kingdom Charter School of Leadership in the County of Camden, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of The Kingdom Charter School of Leadership Board of Trustees, in the County of Camden, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015, the Kingdom Charter School of Leadership adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 19 and 51 through 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Kingdom Charter School of Leadership, Board of Trustees financial statements as a whole. The accompanying introductory section, and other supplementary information such as the combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of state financial assistance are presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the financial statements.

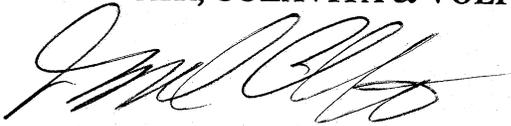
The accompanying combining statements and related major fund supporting statements and schedules and schedules of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2015 on our consideration of The Kingdom Charter School of Leadership, Board of Trustees internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

REQUIRED SUPPLEMENTARY INFORMATION – PART I

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

UNAUDITED

The discussion and analysis of The Kingdom Charter School of Leadership's financial performance provides an overall review of the School's financial activities for the initial fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ❖ The 2015 school year was the fourth year of operations and educated students from Kindergarten through Sixth Grade.
- ❖ Total revenues of the school were \$2,618,352, of which general revenues accounted for \$2,338,771 or 89.3 percent of all revenues. Program specific revenues in the form of charges for services, operating grants, contributions, and capital grants accounted for \$279,581 or 10.7% percent of all Revenues.
- ❖ Total net position of governmental activities at the year was \$220,012.
- ❖ The School had \$2,628,795 in total expenses, of which \$279,581 were offset by program specific charges for services, grants or contributions. General revenues (primarily state and federal aid) were adequate to provide for these programs.
- ❖ The General Fund had \$2,479,476 in revenues and \$2,434,702 in expenditures. The General Fund's balance, as of June 30, 2015 was \$147,165.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand The Kingdom Charter School of Leadership as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School, presenting both an aggregate view of the School's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of The Kingdom Charter School of Leadership, the General Fund is by far the most significant fund.

Reporting the School as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School to provide programs and activities, the view of the School as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School as a whole, the financial positions of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the property tax base of the School's resident districts, current laws in New Jersey concerning revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School is divided into two distinct kinds of activities:

- ❖ **Governmental Activities** – All of the School's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ❖ **Business – Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service, Summer Enrichment and Before and After Care enterprise funds are reported as business activity.

Reporting the School's Most Significant Funds

Fund Financial Statements

The analysis of the School's major (all) funds begins on page 22. Fund financial reports provide detailed information about the School's major funds. The School uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School's most significant funds. The School's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

The School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore these statements are essentially the same.

The School as a Whole

Recall that the Statement of Net Position provides the perspective of the School as a whole.

Table 1 provides a summary of the School's net position for the years ended 2015 and 2014 in accordance with GASB Statement 34. The following net position comparisons are for the years ended in 2015 and 2014.

Table 1
Net Position

	2015	2014
Assets		
Cash and Cash Equivalents	\$ 69,536	\$ 77,425
Interfund Receivable	164,339	185,094
Receivables, Net	3,743	
Other Assets	25,000	25,000
Capital Assets, Net	112,811	98,410
Total Assets	375,429	385,929
Deferred Outflows of Resources		
Deferred Pension Outflow	215,337	
Liabilities		
Accounts Payable	37,450	96,158
Interfund Payable	11,903	4,661
Unearned Revenue	1,256	9,070
Due to Other Governments	61,183	41,924
Non-current Liabilities:		
Net Pension Liability	240,942	
Total Liabilities	352,734	151,813
Deferred Inflows of Resources		
Deferred Pension Inflow	14,359	
Net Position		
Invested in capital assets, net of debt	112,811	98,410
Restricted - Escrow Fund	30,000	15,000
Unrestricted	80,862	120,706
Total Net Position	\$ 223,673	\$ 234,116

Table 2 shows the changes in net position from fiscal years 2015 and 2014, in accordance with GASB Statement 34. The following comparison of changes in net position, represent data for the years ended in 2015 and 2014.

Table 2
Changes in Net Position

	2015	2014
Revenues		
Programs Revenues		
Charges for services	\$ 33,033	\$ 31,807
Operating grants and contributions	246,548	126,035
General Revenues		
Property taxes	1,092,017	993,596
Grants and entitlements	1,244,749	1,188,689
Other	2,005	67,321
Total Revenues	2,618,352	2,407,448
Program Expenses		
Instruction	908,932	987,261
Support Services		
School Administration	1,085,509	617,671
General administration	503,772	573,399
Enterprise Funds	102,977	80,164
Other	27,605	23,847
Total Expenses	2,628,795	2,282,342
Increase in Net Position	\$ (10,443)	\$ 125,106

Governmental Activities

The School's total revenue for the fiscal year ended June 30, 2015 was \$2,618,352, of which governmental revenues were \$2,479,476. As a charter school, voter approval for the School operations is not required in New Jersey. Property taxes made up 44% of revenues for governmental activities of The Kingdom Charter School of Leadership, Federal, State and Local grants accounted for 50.2%. The school's total expenses were \$2,628,795, of which governmental expenses were \$2,485,854 or 96%. In addition, instruction comprises 36.0% of governmental expenses, while support services made up 62.9% and the remaining 1.1% represents depreciation.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the School's resident district taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 908,932	\$ 908,559	\$ 987,261	\$ 931,714
Support services				
School Administrative Services	1,085,509	987,268	617,671	588,425
General administration, school administration, business	503,772	396,128	573,399	573,399
Other	27,605	27,605	23,847	23,847
Total Expenses	\$ 2,525,818	\$ 2,319,560	\$ 2,202,178	\$ 2,117,385

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School which are designated to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to liabilities of the School.

Other includes unallocated depreciation and amortization.

Business-Type Activities

Revenues for the School's business-type activities (food service program and extended day program) were comprised of charges for services.

- ❖ The Food Service Program received a Board subsidy of \$21,993 during the 2014-15 school year. The modest excess of revenue over expenses was the result of the Charter School receiving Federal and State subsidy reimbursements during the year.
- ❖ Charges paid by patrons for daily food services were \$14,287.
- ❖ Extended Day revenues were \$9,602 and Extended Day expenses were \$7,745.
- ❖ Summer Enrichment revenues were \$9,144 and Summer Enrichment expenses were \$17,600.

The School's Funds

Information about the School's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general and special revenue funds presented in the fund-based statements) had total revenues of \$2,578,090 and expenditures of \$2,533,316. The net positive change in the General Fund balance, after transfers to other funds, was \$14,325. This result shows that the School was able to meet current operating costs, without the need for additional funds.

As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase (Decrease)</u>
Local Sources	\$ 1,094,022	42%	\$ 33,105	3.1%
State Sources	1,385,454	54%	196,765	16.6%
Federal Sources	98,614	4%	13,821	16.3%
Total	\$ 2,578,090	100%	\$ 243,691	10.4%

The increase in Local Sources is attributed to an increase in the local tax levy from sending districts of \$98,421 and interest of \$6, offset by a decrease in miscellaneous income of \$65,322.

The increase in State Sources is due to increases in the state share of the local tax levy of \$108,327 and on-behalf pensions and social security reimbursements of \$94,561, offset by decreases in general fund categorical state aid of \$6,123.

The increase in Federal Sources represents the net increase in various federal awards.

The following schedule presents a summary of general fund and special revenue fund expenditures for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year expenditures.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2014</u>	<u>Percent Increase (Decrease)</u>
Current:				
Instruction	\$ 908,932	35.9%	\$ (78,329)	-7.9%
General Administrative Expenses	1,085,509	42.8%	467,838	75.7%
School Administrative Expenses	496,869	19.6%	(76,530)	-13.3%
Capital Outlay	42,006	1.7%	27,926	198.3%
Total	<u>\$ 2,533,316</u>	<u>100%</u>	<u>\$ 340,905</u>	<u>15.6%</u>

The overall decrease in Instructional expenditures was the result of a decrease in general undistributed expenditures of \$66,735 and grant expenditures of \$55,174, offset by an increase in general fund salaries of 43,580.

The General Administrative expenditures increased by \$467,838 and School Administrative Support expenditures decreased by \$76,530, resulting in a net increase of \$391,308 in Administrative expenses. These increases were the result of adding an additional 19 student enrollments in the 2014-15 school-year.

The capital outlay expenditures are attributed to equipment purchases and leasehold improvements, which increased by \$27,926.

General Fund Budgeting Highlights

The School's Budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2015, the School amended its General Fund budget as needed. The School uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ❖ Staffing based on student needs.
- ❖ Costs for student transportation both in regular education and special education.
- ❖ Costs for maintenance and operations
- ❖ Changes in appropriations to prevent budget overruns.

While the School's final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show an excess of \$14,325 in revenue over expenditures.

- ❖ Actual revenues were \$191,448 more than expected, excluding on behalf state aid of \$140,705. This was the due to interest earnings and miscellaneous revenue as shown on Exhibit C-1.
- ❖ The actual expenditures were lower than expected in various line items, in the total amount of \$69,011, excluding the on-behalf social security and TPAF pension contribution state aid payments of \$140,705 per Exhibit C-1.
- ❖ The general fund made transfers to the Food Service and Summer Enrichment Funds during the 2014-15 School Year, in the amount of \$21,993 and \$8,456 respectively.

Capital Assets

At the end of the fiscal year 2015, the School had \$112,811 invested in leasehold improvements, machinery and equipment. Table 4 shows fiscal 2015 balances compared to 2014.

Table 4
Capital Assets (Net of Depreciation) at June 30

	<u>2015</u>	<u>2014</u>
Leasehold Improvements	\$ 83,740	54,750
Machinery and Equipment	29,071	43,660
Totals	<u>\$ 112,811</u>	<u>98,410</u>

Overall capital assets increased \$14,401 from fiscal year 2014 to fiscal year 2015. The increase was attributed to the addition of depreciable assets of \$42,006, offset by depreciation expense of \$27,605.

Operating Leases

The School currently leases space for classrooms, administration and the food service operation, through a lease purchase agreement with a commercial landlord.

The term of the lease is April 18, 2011 through June 30, 2016. All lease payments are to be applied against the purchase option price of \$750,000. There will also be a required payment of \$50,000 at the time of exercising of the option, of which any escrow deposits are included.

For the Future

The Kingdom Charter School of Leadership experienced financial difficulty in the 2012-13 school year but is presently in good financial condition. This is being accomplished partially through the participation in the Department of Agriculture food service federal and state aid program. Continued optimum enrollment in the School will provide future financial stability. However, future finances are not without challenges.

In accordance with our mission, the school was expanded to educate Grades K through Six in the 2014-2015 school year, however, the 2015-16 school year will include only Grades K through Five.

As a charter school, it is a concern of the Board of Trustees of the School, as to how future budgets would be financed. The administrators also closely monitors instructional as well as support and administrative costs of the School.

In conclusion, The Kingdom Charter School of Leadership is committed to maintain sound financial planning, budgeting, and internal financial controls, in order to meet the challenges of the future.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers and oversight entities with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information please contact Riecee Langhorne, Administrator/Board Secretary at The Kingdom Charter School of Leadership at 121 West Church Street, Blackwood, New Jersey 08012

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL - WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the School. These statements include the financial activities of the overall School, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the School.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 59,502	\$ 10,034	\$ 69,536
Receivables, Net	159,511	4,828	164,339
Interfund Receivable		3,743	3,743
Other Asset	25,000		25,000
Capital Assets, Net (Note 5):	112,811		112,811
Total Assets	<u>356,824</u>	<u>18,605</u>	<u>375,429</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Pension Outflow	<u>215,337</u>		<u>215,337</u>
LIABILITIES			
Accounts Payable	22,506	14,944	37,450
Interfund Payable	11,903		11,903
Unearned Revenue	1,256		1,256
Due to Other Governments	61,183		61,183
Non-current Liabilities:			
Net Pension Liability	240,942		240,942
Total Liabilities	<u>337,790</u>	<u>14,944</u>	<u>352,734</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Pension Inflow	<u>14,359</u>		<u>14,359</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	112,811		112,811
Restricted:			
Escrow Fund	30,000		30,000
Unrestricted	77,201	3,661	80,862
Total Net Position	<u>\$ 220,012</u>	<u>\$ 3,661</u>	<u>\$ 223,673</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Regular	\$ 908,932	\$	\$ 373	\$ (908,559)	\$	\$ (908,559)
Support Services:						
School Administrative Services	1,085,509		98,241	(987,268)		(987,268)
General and Business Administrative Services	503,772		107,644	(396,128)		(396,128)
Unallocated Depreciation	27,605			(27,605)		(27,605)
Total Governmental Activities	2,525,818		206,258	(2,319,560)		(2,319,560)
Business-type Activities:						
Food Service	77,632	14,287	40,290		(23,055)	(23,055)
Before and After Care	7,745	9,602			1,857	1,857
Summer Enrichment	17,600	9,144			(8,456)	(8,456)
Total Business-type Activities	102,977	33,033	40,290		(29,654)	(29,654)
Total Primary Government	\$ 2,628,795	\$ 33,033	\$ 246,548	\$ (2,319,560)	\$ (29,654)	\$ (2,349,214)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, net				\$ 1,092,017	\$	\$ 1,092,017
Federal and State Aid Not Restricted				1,244,749		1,244,749
Investment Earnings				49		49
Miscellaneous				1,956		1,956
Transfers				(30,449)	30,449	
Total General Revenues, Special Items, Extraordinary Items and Transfers				2,308,322	30,449	2,338,771
Change in Net Position				(11,238)	795	(10,443)
Net Position—Beginning				231,250	2,866	234,116
Net Position—Ending				\$ 220,012	\$ 3,661	\$ 223,673

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

GOVERNMENTAL FUNDS

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 37,340	\$ 2,415	\$ 39,755
Interfund Receivable	40,407		40,407
Other Governmental Receivable	98,413		98,413
Federal Aid Receivable		19,501	19,501
State Aid Receivable	41,597		41,597
Security Deposit	25,000		25,000
Total assets	\$ 242,757	\$ 21,916	\$ 264,673
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 16,097	\$	\$ 16,097
Interfund Payable	11,903	20,660	32,563
Unearned Revenue		1,256	1,256
Due to Other Governments	61,183		61,183
Other Liabilities	6,409		6,409
Total liabilities	95,592	21,916	117,508
Fund Balances:			
Restricted			
Escrow Fund	30,000		30,000
Assigned:			
Year-End Encumbrances	12,720		12,720
Unrestricted, reported in:			
General fund	104,445		104,445
Total Fund balances	147,165		147,165
Total liabilities and fund balances	\$ 242,757	\$ 21,916	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Long Term Net Pension Liability	(240,942)
Deferred Pension Outflows	215,337
Deferred Pension Inflows	(14,359)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$207,534 and the accumulated depreciation is \$94,723 (Note 5).

	112,811
Net position of governmental activities	\$ 220,012

The accompanying Notes to Financial Statements are an integral part of this statement.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 1,092,017	\$	\$ 1,092,017
Investment Earnings	49		49
Miscellaneous	1,956		1,956
	<hr/>	<hr/>	<hr/>
Total - Local Sources	1,094,022		1,094,022
State Sources	1,385,454		1,385,454
Federal Sources		98,614	98,614
	<hr/>	<hr/>	<hr/>
Total Revenues	2,479,476	98,614	2,578,090
EXPENDITURES			
Current:			
Regular Instruction	908,559	373	908,932
Support Services:			
School Administrative Services	987,268	98,241	1,085,509
Other Administrative Services	496,869		496,869
Capital Outlay	42,006		42,006
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,434,702	98,614	2,533,316
Excess (Deficiency) of Revenues Over Expenditures	<hr/>	<hr/>	<hr/>
	44,774		44,774
OTHER FINANCING SOURCES (USES)			
Transfer to Food Service Fund	(21,993)		(21,993)
Transfer to Summer Enrichment Fund	(8,456)		(8,456)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources and Uses	(30,449)		(30,449)
Net Change in Fund Balances	14,325		14,325
Fund Balance—July 1	132,840		132,840
	<hr/>	<hr/>	<hr/>
Fund Balance—June 30	\$ 147,165	\$	\$ 147,165
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Total net change in fund balances - governmental funds (from B-2)	\$	14,325
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
In the statement of activities, certain operating expenses, including compensated absences, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		
Compensated Absences Adjusted		
Pension Contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.		(39,964)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	\$	(27,605)
Capital outlays		42,006
		<hr style="width: 100%; border: 0.5px solid black;"/>
		14,401
Change in net position of governmental activities (A-2)	\$	<hr style="width: 100%; border: 0.5px solid black;"/> <u>(11,238)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds			
	Food Service	Before and After Care Program	Summer Enrichment	Totals
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 509	\$ 15,937	\$ 7,471	\$ 23,917
Intergovernmental Receivables	4,789			4,789
Accounts Receivable - Other	39			39
Interfund Accounts Receivable	9,607			9,607
Total Current Assets	14,944	15,937	7,471	38,352
Total Assets	\$ 14,944	\$ 15,937	\$ 7,471	\$ 38,352
LIABILITIES AND NET POSITION:				
Current Liabilities:				
Accounts Payable	\$ 14,944	\$	\$	\$ 14,944
Interfund Accounts Payable		12,276	7,471	19,747
Total Current Liabilities:	14,944	12,276	7,471	34,691
Net Position				
Unrestricted		3,661		3,661
Total Net Position		3,661		3,661
Total Liabilities and Net Position	\$ 14,944	\$ 15,937	\$ 7,471	\$ 38,352

The accompanying Notes to Financial Statements are an integral part of this statement.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities Enterprise Fund			
	Food Service	Before and After Care Program	Summer Enrichment	Total Enterprise
Operating revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs:	\$ 14,287	\$	\$	\$ 14,287
Tuition			9,144	9,144
Extended Day Fees		9,602		9,602
Total Operating Revenue:	14,287	9,602	9,144	33,033
Operating expenses:				
Salaries	21,110	6,779	14,950	42,839
Food Costs	56,522			56,522
Other		966	2,650	3,616
Total Operating Expenses	77,632	7,745	17,600	102,977
Operating Income (Loss)	(63,345)	1,857	(8,456)	(69,944)
Non-operating Revenues (Expenses):				
State Sources:				
State School Lunch Program	697			697
Federal Sources:				
School Breakfast Program	7,317			7,317
National School Lunch Program	32,276			32,276
Total Non-operating Revenues (Expenses)	40,290			40,290
Income (Loss) before Contributions & Transfers	(23,055)	1,857	(8,456)	(29,654)
Transfer from General Fund	21,993		8,456	30,449
Change in Net Position	(1,062)	1,857		795
Total Net Position—Beginning	1,062	1,804		2,866
Total Net Position—Ending	\$ 3,661	\$ 3,661	\$ 3,661	\$ 3,661

The accompanying Notes to Financial Statements are an integral part of this statement.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities Enterprise Funds			
	Food Service	Before and After Care Program	Summer Enrichment	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 14,287	\$ 9,602	\$ 9,144	\$ 33,033
Payments to Employees	(21,110)	(6,779)	(7,479)	(35,368)
Payments to Suppliers	(55,050)	(966)	(2,650)	(58,666)
Net Cash Provided by (Used for) Operating Activities	(61,873)	1,857	(985)	(61,001)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers from/to Other Funds	21,993		8,456	30,449
Cash Received from State and Federal Reimbursement	40,290			40,290
Net Cash Provided by (Used for) Non-capital Financing Activities	62,283		8,456	40,290
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets				
Net Cash Provided by (Used for) Capital and Related Financing Activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends				
Net Cash Provided by (Used for) Investing Activities				
Net Increase (Decrease) in Cash and Cash Equivalents	410	1,857	7,471	9,738
Balances—Beginning of Year	99	14,080		14,179
Balances—End of Year	\$ 509	\$ 15,937	\$ 7,471	\$ 23,917
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (63,345)	\$ 1,857	\$ (8,456)	\$ (69,944)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
(Increase)/Decrease in Accounts Receivable, Net	2,524			2,524
(Increase)/Decrease in Interfund Accounts Receivable	(5,322)	12,724		7,402
(Increase)/Decrease in Due from Bank				
Increase/(Decrease) in Accounts Payable	4,270	(12,724)		(8,454)
Increase/(Decrease) in Interfund Accounts Payable			7,471	7,471
Total Adjustments	1,472		7,471	8,943
Net Cash Provided by (Used for) Operating Activities	\$ (61,873)	\$ 1,857	\$ (985)	\$ (61,001)

Noncash Noncapital Financing Activities:

During the year, the district received zero dollars of food commodities from the U. S. Department of Agriculture

The accompanying Notes to Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Unemployment Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 3,566	\$ 2,070
Due from General Fund		6,039
Due from Payroll Agency	2,617	
Total Assets	<u>6,183</u>	<u>8,109</u>
LIABILITIES		
Due to Student Groups		1,749
Due to Food Service		3,743
Due to Unemployment Trust		2,617
Total Liabilities	<u>\$</u>	<u>\$ 8,109</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 6,183</u>	

The accompanying Notes to Financial Statements
are an integral part of this statement.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 2,617
Contributions	
Other	
	<hr/>
Total Additions	2,617
	<hr/>
DEDUCTIONS	
Scholarships Awarded	
Unemployment Claims	
	<hr/>
Total Deductions	
	<hr/>
Change in Net Position	2,617
Net Position—Beginning of the Year	3,566
	<hr/>
Net Position—End of the Year	\$ 6,183
	<hr/> <hr/>

The accompanying Notes to Financial Statements are an integral part of this statement.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. DESCRIPTION OF THE KINGDOM CHARTER SCHOOL OF LEADERSHIP AND REPORTING ENTITY

The Kingdom Charter School of Leadership is located and incorporated on June 1, 2011 in the County of Camden, State of New Jersey and began its first year of education operations in September of 2011. It was created through the approval of its New Jersey Charter Schools Application by the State of New Jersey, Department of Education. As a Charter School, The Kingdom Charter School of Leadership functions independently as an educational institution through a Board of Trustees (the "Board"). In accordance with the by laws of the Charter School, the Board is to consist of not less than 3 and not more than 14 individuals. At all times, constituency of the voting members of the Board of Trustees shall consist of 2 members nominated and elected by the Board selected from the Parent Council and two members nominated and elected by the Board of Trustees representing community leaders at large (which may include representatives from the Neighborhood Center) The school administrator and a teacher elected by the teachers from the school are ex-officio members of the Board of Trustees without vote, and limited to the number of terms they may serve consecutively.

A. Reporting Entity:

The purpose of the Charter School during their initial fiscal school year of 2011-12 was to educate 120 students in Kindergarten through Third Grade. Fourth Grade was added in the 2012-13 school year and Fifth Grade was added in 2013-14. The enrollment at June 30, 2015 was 199, which is 19 students more than in 2013-14. A school business administrator/board secretary was appointed by the Board and responsible for the administrative control of the Charter School.

The primary criterion for including activities within the Charter School's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Charter School holds the corporate powers of the organization
- the Charter School appoints a voting majority of the organization's board
- the Charter School is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Charter School
- there is a fiscal dependency by the organization on the Charter School

There were no additional entities required to be included in the reporting entity, under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued and Adopted Accounting Pronouncements:

The district adopted the following GASB statements:

- GASB 67, Financial Reporting for Pension Plans, an Amendment of GASB 25, will be effective beginning with the year ending June 30, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No.50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 67, however, does not have any impact on the Charter School's financial statements.
- GASB 68, Accounting and Financial reporting for Pensions, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, Accounting for Pension Disclosures, and Local Governmental Employers, as well as the requirements of Statement No.50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The adoption of GASB 68, will impact the financial statements of the Charter Schools.
- In November 2013, the GASB issued Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. GASBS 71 is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. The adoption of GASB 71, will impact the financial statements of the Charter Schools.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 69, Government Combinations and disposals of Government Operations, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District is currently evaluating the impact of the adoption of this Statement on the Charter School's financial statements, although no impact is expected.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation:

The Charter School basic financial statements consist of Charter School-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Charter School-wide Statements: The statement of net position and the statements of activities display information about the financial activities of the overall Charter School, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Charter School. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the Charter School at the fiscal year end while the statement of activities presents a comparison between direct expenses and program revenues for each different business-type activity of the Charter School and for each function of the Charter School's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the Charter School related to the administration and support of the Charter School's programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: During the fiscal year, the Charter School segregates transactions related to certain Charter School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the Charter School's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey Charter Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among Charter School financial reporting.

B. Fund Accounting:

The accounts of the Charter School are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. Each funds operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. The various funds are grouped, in the financial statements in this report:

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND TYPE

General Fund - The general fund is the general operating fund of the School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for instructional and non-instructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, The Kingdom Charter School of Leadership includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmentalities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from the "local levy" local share - charter school aid, "local levy" state share - charter school aid, categorical aid, revenues from other sources and appropriated fund balance. Expenditures are those in excess of \$2,000, which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Charter School accounts for the proceeds of specific revenue sources from the state and federal government (other than expendable trusts, major capital projects or enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund.

Capital Projects Fund - The Charter School currently has no capital projects, and, therefore, the accounting system of the Charter School does not include a capital projects fund.

Debt Service Fund - The accounting system of the Charter School does not include a debt service fund in accordance with state statute.

PROPRIETARY FUND TYPE

The focus of Proprietary Fund measurement is on determination of net income, financial position and cash flows. The applicable generally accepted accounting principles are similar to businesses in the private sector. The following is a description of the Proprietary Funds of the Charter School:

Enterprise (Food Service) Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (continued):

Enterprise (Food Service) Funds (Continued) - The School's Enterprise Fund is comprised of a Food Service Fund managed by an outside food service management company. For expediency, the financial records are maintained within the food service fund of The Kingdom Charter School of Leadership. Federal and state subsidy reimbursements as well as a food service operating costs were allocated on a pro-rata basis. There were no Inventory or commodity amounts considered as owned by The Kingdom Charter School of Leadership.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is separated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Before and After Care Program Fund - The Kingdom Charter School of Leadership maintains a Before and After Care program that is intended to be effectively provided on a cost-reimbursement basis.

FIDUCIARY FUND TYPE

Fiduciary Funds include Expendable Trust, Nonexpendable Trust and Agency Funds. The measurement focus of the Expendable Trust Funds is the same as for governmental funds. The measurement focus of the Nonexpendable Trust Funds is similar to Proprietary Funds. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The following is a description of the Fiduciary Funds of the Charter School:

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the Charter School in a Trustee capacity or as an agent for individuals, private organizations, other governments or others.

Nonexpendable Trust Fund: A nonexpendable trust fund is used to account for assets held under the terms of a formal trust agreement, whereby the Charter School is under obligation to maintain the trust principal. The accounting system of the Charter School does not include a nonexpendable trust fund.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Funds will consist of an Unemployment Compensation Insurance Fund in the future.

Agency Funds (Payroll, Health Benefits and Student Activities Fund): Agency funds are used to account for the assets that the Charter School holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. The accounting system of the Charter School includes a payroll fund and a student activities fund.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Charter School-wide, Proprietary and Fiduciary Fund Financial Statements: The Charter School-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school Charter School the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The Charter School records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The Charter School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the Charter School follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The Charter School's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets/Budgetary Control:

Charter School budgets are prepared annually and are submitted to the Department of Education for review. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are mandated by the Department of Education and are detailed in the Charter School Budget Summary form that is part of the New Jersey Charter School Application and are defined as the lowest (most specific) level of detail referenced in NJAC 6:20-2A (m) 1. Transfers of appropriations may be made by Board resolution at any time during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are to be maintained to allow for the presentation of GAAP basis financial reports.

Schedule C-3 in the CAFR presents a reconciliation of the special revenue funds from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any. Open encumbrances in the special revenue fund for which the Charter School has received advances (if any) are reflected in the balance sheet as unearned revenues at fiscal year end.

E. Encumbrance Accounting:

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end. The Charter School had no fund balance reserved for encumbrances at June 30, 2015.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Tuition:

The Charter School Program Act of 1995 specifically prohibits a charter school from charging tuition to students who reside in the Charter School of residence of the charter school or are non-resident students.

G. Assets, Liabilities and Equity:

Transactions - Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

Inventories - Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase. On Charter School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method and is expensed when used. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

Capital Assets - General fixed assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. General fixed assets are reflected as expenditures in the applicable governmental funds, and the related assets are reported in the Statement of Net Position. Expenditures that enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized.

Capital assets are depreciated in the Charter School-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Building	30-50
Building Improvements	20
Vehicles	8
Equipment	5-10

H. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Charter School and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Charter School and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences (continued):

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the Statement of Net Position. There is presently no balance in compensated absences liability at June 30, 2015.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

I. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash, which has been received but not yet earned (see Note 2(B) regarding the special revenue fund).

J. Fund Equity:

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

K. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Charter School, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

L. Charter School Funding:

The Charter School is largely funded on its enrollment through the local levy and categorical aid, which follows a particular student. Funding flows from the State to the district board of education and then to the Charter school. In accordance with N.J.S.A. 18A:36A-12 "the school district of residence shall pay directly to the Charter School for each student enrolled in the charter school who resides in the district a presumptive amount equal to 90% of the local tax levy budget per pupil for the specific grade level in the district. At the discretion of the commissioner and at the time the charter is granted, the commissioner may require the school district of residence to pay directly to the charter school for each student enrolled in the charter school an amount equal to less than 90%, or an amount, which shall not exceed 100% of the local levy budget per pupil for the specific grade in the district of residence. The per pupil amount paid to the charter school shall not exceed the local levy budget per pupil for the specific grade level in the district in which the charter school is located. The district of residence shall also pay directly to the charter school any categorical aid attributable to the student, provided the student is receiving appropriate categorical services, and any federal funds attributable to the student"

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Charter School Funding (Continued):

During the school year, a charter school shall conduct an enrollment count on June 1, October 15, February 15, and the last day of the school year. A charter school shall submit each count through a summary school register for the purposes of determining average daily enrolment. Based on these counts, a charter school's revenue is adjusted accordingly.

M. Net Position:

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Charter School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Charter School's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Revenues – Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Charter School, available means within sixty days of the fiscal year end. Non-exchange transactions, in which the Charter School receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

O. Comparative Data/Reclassifications:

After the initial year of operations, comparative total data for the prior year will be presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Charter School's financial position and operations. Also, certain immaterial amounts presented in the prior year data will be reclassified in order to be consistent with the current year's presentation.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Allocation of Indirect Expenses:

The Charter School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Q. Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

R. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

On Charter School-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

S. Short -Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Charter School and that are due within one year.

T. Management Estimates:

In order for the preparation of basic financial statements to be in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

U. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the School-wide financial statements. Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Position.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

V. Fund Balance Reserves:

The Charter School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

W. Lease Acquisition Costs:

As part of any long-term lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no such leases for the year ended June 30, 2015.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with a maturity of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey Schools are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey Schools. Investments are stated at cost, or amortized cost, which approximates market.

The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity for any discount or premium. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives, which have a maturity date no greater than twelve months from the date of purchase.
- c. Bonds of other obligations of the school.

As of June 30, 2015, cash and cash equivalents in the fund financial statements of the Charter School consisted of the following:

		<u>Cash and Cash Equivalents</u>
Checking Accounts	\$	69,308
Total	\$	69,308

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Charter School's deposits may not be recovered. Although the Charter School does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 t seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local government agencies. The program is administered by the Commissioner of the NJ Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Funds owned by the Charter School in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2015, none of the Charter School's bank balance of \$132,856 was exposed to custodial credit risk.

New Jersey Cash Management Fund – During the fiscal year, the Charter School participated in the New Jersey Cash Management Fund. The Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2015, the Charter School had no funds on deposit with the New Jersey Cash Management Fund.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4. COMPENSATED ABSENCES

In accordance with Statement No. 16 of the (GASB) entitled "Accounting for Compensated Absences", Part time employees are not entitled to compensated absences. Benefits paid in any future period will be calculated in accordance with formulas outlined in the Charter School agreements with any collective bargaining units and included in the budget of the current year of payment. There currently is no formal policy concerning payment of accumulated absences. There was no liability for compensated absences at June 30, 2015.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital Assets that are Not Being Depreciated:				
Land	\$	\$	\$	\$
Leasehold Improvement	76,490	42,006		118,496
Machinery and Equipment	89,038			89,038
Total at Historical Cost	165,528	42,006		207,534
Less Accumulated Depreciation for:				
Leasehold Improvement	(21,740)	(13,016)		(34,756)
Machinery and Equipment	(45,378)	(14,589)		(59,967)
Total Accumulated Depreciation	(67,118)	(27,605)		(94,723)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	98,410			112,811
Governmental Activities Capital Assets, Net	\$ 98,410	\$ 14,401	\$	\$ 112,811
				To A-1
Business-type Activities Capital Assets, Net	\$	\$	\$	\$

NOTE 6. GENERAL LONG-TERM DEBT

As of June 30, 2015, there was no debt.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7. PENSION PLANS

Description of Plans - All required employees of the Charter School are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Charter School and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit plan which was established as of January 1, 1955. The PERS provides retirement, death, disability and medical benefits to certain qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5.5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Charter School is billed annually for its normal contribution plus any accrued liability. The Charter School's contributions, which equal the required contribution for each fiscal year, were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Total Liability</u>	<u>Funded by State</u>	<u>Paid by District</u>
2015	\$ 1,766	\$ 8,843	\$ 10,609	\$ N/A	\$ 10,609
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7. PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions

Teachers' Pension and Annuity Fund - The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier Definition

- 1 Members enrolled before July 1, 2007
- 2 Members eligible for enrollment on or after July 1, 2007 and before November 2, 2008
- 3 Members eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010
- 4 Members eligible for enrollment after May 21, 2010 and before June 28, 2011
- 5 Members eligible for enrollment on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Public Employees' Retirement System - The vesting and benefit provisions are set by N.J.S.A.43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 8 to 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The membership tiers for PERS are the same as previously noted for TPAF. Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7. PENSION PLANS (CONTINUED)

Contributions

Teachers' Pension and Annuity Fund - The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014 and 2013, the State's pension contribution was less than the actuarial determined amount. Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the Charter School and all other related non-contributing employers. No normal or accrued liability contribution by the Charter School has been required over several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, Accounting and Financial Reporting for Pensions. The Charter School was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2015 because of the 100.00% special funding situation with the State of New Jersey.

Trend Information for TPAF (Paid on-behalf of the Charter School)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>		<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/15	\$ 85,547	100	%	\$ N/A
6/30/14	N/A	N/A		N/A
6/30/13	N/A	N/A		N/A

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$33,061 to the TPAF for pension contributions and \$52,486 for normal and post-retirement benefits on behalf of the School. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Charter School \$55,158 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.78% in State fiscal year 2014. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. The Charter School's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

Contributions to the pension plan from the Charter School was \$10,609 for the fiscal year ended June 30, 2015. Employee contributions were \$4,641 for the fiscal year ended June 30, 2015.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Teachers' Pension and Annuity Fund - At June 30, 2015, the Charter School was not required to report a liability for its proportionate share of the net pension liability because of a 100% reduction for State of New Jersey pension support provided to the Charter School.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State of New Jersey, actuarially determined.

The Charter School was not enrolled in the Teachers Pension Plan for the measurement period used to determine the proportionate share of the net pension liability for each district. As such, no amount has been reflected by the Charter School, as of June 30, 2015.

Public Employees' Retirement System - At June 30, 2015, the Charter School reported a liability of \$240,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Charter School's proportion was .0012868978%.

For the fiscal year ended June 30, 2015, the Charter School recognized \$39,964, in the government-wide financial statements, for pension expense for PERS.

At June 30, 2015, the Charter School reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$
Changes of assumptions	7,577	
Net difference between projected and actual earnings on pension plan investments		14,359
Changes in proportion and differences between District contributions and proportionate share of contributions	207,760	
District contributions subsequent to the measurement date	10,609	
Total	\$ 225,946	\$ 14,359

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7. PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees' Retirement System (Continued) - \$10,609 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS</u>
2016	\$ 24,045
2017	24,045
2018	24,045
2019	24,045
2020	24,045
Thereafter	80,753
Total	\$ 200,978

Collective Balances at June 30, 2013 and 2014 are as follows:

	<u>Actuarial Valuation Date</u>	
	<u>6/30/2014</u>	<u>6/30/2013</u>
Collective deferred outflows of resources	\$ 225,946	\$ -
Collective deferred inflows of resources	\$ 14,359	\$ -
Collective net pension liability	\$ 240,942	\$ -
District's Proportion	0.0012868978%	0.00%

Actuarial Assumptions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>	<u>TPAF</u>
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Valuation Date	July 1, 2013	July 1, 2013
Interest Rate	7.90%	7.90%
Salary Scale (Based on Age):		
2012-2021	2.15% - 4.40%	Varies based
Thereafter	3.15% - 5.40%	on Experience
Inflation	3.01%	2.50%

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7. PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

For TPAF, mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements were based on Scale AA. Preretirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Postretirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

For PERS, mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of returns for each major asset class included in TPAF's and PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	PERS		TPAF	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	80.00%	6.00%	50.00%
Core Fixed Income			0.00%	2.19%
Core Bonds	1.00%	2.49%	1.00%	1.38%
Short Term Bonds			0.00%	1.00%
Intermediate - Term Bonds	11.20%	2.26%	11.20%	2.60%
Long-Term Bonds			0.00%	3.23%
Mortgages	2.50%	2.17%	2.50%	2.84%
High Yield Bonds	5.50%	4.82%	5.50%	4.15%
Non-US Fixed Income			0.00%	1.41%
Inflation-Indexed Bonds	2.50%	3.51%	2.50%	1.30%
Broad US Equities	25.90%	8.22%	25.90%	5.88%
Large Cap US Equities			0.00%	5.62%
			0.00%	6.39%
Small Cap US Equities			0.00%	7.39%
Developed Foreign Equities	12.70%	8.12%	12.70%	6.05%
Emerging Market Equities	6.50%	9.91%	6.50%	8.90%
Private Equity	8.25%	13.02%	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	4.92%	12.25%	3.85%
Real Estate (Property)	3.20%	5.80%	3.20%	4.43%
Real Estate (REITS)			0.00%	5.58%
Commodities	2.50%	5.35%	2.50%	3.60%
Long Credit Bonds			0	3.74%
Total	<u>100%</u>		<u>100%</u>	

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 7. PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 4.68% and 4.95% for TPAF as of June 30, 2014 and 2013, respectively, and 5.39% and 5.55% for PERS as of June 30, 2014 and 2013, respectively. For TPAF and PERS, these single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. The projection of cash flows used to determine the discount rates for TPAF and PERS assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027 for TPAF and 2033 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027 for TPAF and 2033 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Charter School's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

Teachers' Pension and Annuity Fund (TPAF) - As indicated above, TPAF has a special funding situation where the State pays 100% of the Charter School's annual required contribution.

Public Employees' Retirement System (PERS) - The following presents the Charter School's proportionate share of the net pension liability at June 30, 2014 calculated using a discount rate of 5.39% for PERS, as well as what the Charter School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (4.39%)	Current Discount (5.39%)	1% Increase (6.39%)
Borough's proportionate share of the net pension liability	\$ 303,114	\$ 240,942	\$ 188,734

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

NOTE 8. DEFERRED COMPENSATION

The Board currently offers its employees the Equivest deferred compensation plan created in accordance with Internal Revenue Code Section 403(b).

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9. POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 10. RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Charter School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the Reserve method. Under this plan, the Charter School is required to contribute a percentage of wages to the New Jersey Unemployment Trust Fund on a quarterly basis. The following is a summary of Charter School contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Charter School's expendable trust fund for the current and prior year:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance June 30,</u>
2014-2015	\$ N/A	\$ 2,617	\$ N/A	\$ 6,183
2013-2014	N/A	3,566	N/A	3,566
2012-2013	N/A	N/A	N/A	N/A

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 40,407	\$ 11,903
Special Revenue Fund		20,660
Food Service Fund	9,607	
Before and After Care Fund		12,276
Summer Enrichment Fund		7,471
Agency Fund	6,039	6,360
Unemployment Trust	2,617	
Total	<u>\$ 58,670</u>	<u>\$ 58,670</u>

NOTE 12. FUND BALANCE APPROPRIATED

General Fund – Of the \$147,165 General Fund balance at June 30, 2015, \$30,000 was restricted as a required escrow, \$12,720 was assigned for year-end encumbrances and the remaining \$104,445 was unrestricted.

In accordance with NJDOE stipulations, \$15,000 will be added to the escrow account each year, until such time as the amount reaches \$75,000.

NOTE 13. LITIGATION

In the opinion of the administration and legal counsel, the Charter School is not involved as a defendant in any legal proceedings of which the potential losses, if any, would not be material to the financial statements.

NOTE 14. OPERATING LEASES

Lease Purchase Agreement of Building Space

On April 18, 2011, The Kingdom Charter School of Leadership entered into a lease purchase agreement with a commercial landlord to secure classroom and administrative office space. The rental cost for the 2013-14 school year was \$185,000 and the rental cost for the 2014-15 school year was \$163,921.

The term of the lease is April 18, 2011 through June 30, 2016. All lease payments are to be applied against the purchase option price of \$750,000. There will also be a required payment of \$50,000 at the time of the exercise of the option, of which any security deposits are included.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14. OPERATING LEASES (CONTINUED)

Lease of Original Building Space and Second Building (Continued)

A revised future minimum contracted lease payments are as follows:

<u>Fiscal Year</u>	<u>Original Building</u>
2015-16	\$ 144,079
Total	\$ 144,079

NOTE 15. SUBSEQUENT EVENTS

There were no events between year-end and the date of the audit that require additional disclosure, except the elimination of the sixth grade during the 2015-16 School Year.

End of Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual Revenue/ Expenditures</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
"Local Tax Levy"- Local Share - Charter School Aid:					
City of Camden	\$	\$	\$	\$ 844	\$ 844
Township of Cherry Hill				11,528	11,528
Borough of Berlin				5,004	5,004
Borough of Chesilhurst				2,953	2,953
Borough of Clayton				13,459	13,459
Borough of Clementon				19,297	19,297
Township of Deptford				27,230	27,230
Borough of Glassboro				14,987	14,987
Township of Gloucester	1,018,038		1,018,038	586,562	(431,476)
Borough of Lawnside				11,732	11,732
Borough of Lindenwold				48,843	48,843
Township of Lumberton				16,036	16,036
Township of Mantua				7,323	7,323
Township of Monroe				6,210	6,210
Borough of Oaklyn				7,791	7,791
Borough of Pine Hill				40,924	40,924
Township of Runnemede				5,334	5,334
Borough of Stratford				7,745	7,745
Township of Voorhees				10,408	10,408
Township of Washington				135,364	135,364
Township of Winslow				112,443	112,443
Total - Local Levy	1,018,038		1,018,038	1,092,017	73,979
State Sources:					
Local Tax Levy"- State Share - Charter School Aid:					
Equalization Aid	1,105,381		1,105,381	1,204,423	99,042
Categorical Aids					
Special Education Aid	23,567		23,567	16,323	(7,244)
Security Aid	23,717	(23,480)	237	24,003	23,766
On-behalf TPAF Pension Contributions (Non-budgeted)				33,061	33,061
On-behalf TPAF Post Retirement Medical Insurance (Non-budgeted)				52,486	52,486
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				55,158	55,158
Total State Aid	1,152,665	(23,480)	1,129,185	1,385,454	256,269
Revenue from Other Sources					
Interest On Investments				49	49
Miscellaneous	100		100	1,956	1,856
Total Revenue from Other Sources	100		100	2,005	1,905
TOTAL REVENUES	\$ 2,170,803	\$ (23,480)	\$ 2,147,323	\$ 2,479,476	\$ 332,153
EXPENDITURES:					
CURRENT EXPENSES:					
Regular Programs - Instruction:					
Salaries of Teachers - Kindergarten	\$ 101,000	\$	\$ 101,000	\$ 101,000	\$
Salaries of Teachers - Grades 1-5	449,272	44,645	493,917	487,554	6,363
Salaries of Teachers - Grades 6-8	158,493		158,493	158,493	
Other Salaries for Instruction	59,900	(3,950)	55,950	50,810	5,140
Regular Programs - Undistributed Instruction:					
Purchased Professional - Technical Services	50,000	(3,500)	46,500	46,109	391
Other Purchased Services	5,000	(4,792)	208		208
General Supplies	90,000	(68,786)	21,214	20,888	326
Textbooks	60,000	(23,608)	36,392	36,137	255
Other Objects	15,000	(6,356)	8,644	7,568	1,076
TOTAL REGULAR PROGRAMS - INSTRUCTION	\$ 988,665	\$ (66,347)	\$ 922,318	\$ 908,559	\$ 13,759

**THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
UNDISTRIBUTED EXPENDITURES:					
General Administrative Services:					
Salaries - Administrative	\$ 140,000	\$ 256,460	\$ 396,460	\$ 299,440	\$ 97,020
Salaries of Secretarial and Clerical Assistants	37,000	(37,000)			
Legal Services		6,887	6,887	6,887	
Audit Fees		11,328	11,328	11,328	
Total Benefits Cost	184,953	67,823	252,776	227,780	24,996
Purchased Professional - Technical Services	120,000	251,756	371,756	361,777	9,979
Other Purchased Services	33,000	(29,500)	3,500	3,305	195
Other Purchased Professional Services		20,764	20,764	13,382	7,382
Communications/Telephone	12,000	(9,632)	2,368	2,368	
General Supplies	1,000	51,540	52,540	50,558	1,982
Miscellaneous Expenditures	1,000	32,566	33,566	10,443	23,123
Total Support Services/General Administration	\$ 528,953	\$ 622,992	\$ 1,151,945	\$ 987,268	\$ 164,677
Support Services/School Administration:					
Salaries	\$ 94,000	\$ (49,667)	\$ 44,333	\$ 44,233	\$ 100
Purchased Professional - Technical Services	75,000	(75,000)			
Other Purchased Services	40,000	31,554	71,554	68,111	3,443
Rental of Land and Buildings	187,500	(36,079)	151,421	151,418	3
Insurance for Property Liability & Fidelity	35,000	(1,965)	33,035	29,573	3,462
Supplies & Materials	8,500	(2,000)	6,500	5,988	512
Transportation - Other Than to/from School	5,000	(5,000)			
Energy (Heat and Electricity)	85,000	(24,000)	61,000	44,947	16,053
Miscellaneous Expenditures	10,000	5,944	15,944	11,894	4,050
Total Support Services/School Administration:	540,000	(156,213)	383,787	356,164	27,623
On-behalf TPAF Pension Contributions (Non-budgeted)				33,061	(33,061)
On-behalf TPAF Post Retirement Medical Insurance (Non-budgeted)				52,486	(52,486)
Reimbursed TPAF Social Security Contrib. (Non-budgeted)				55,158	(55,158)
Total Undistributed Expenditures	1,068,953	466,779	1,535,732	1,484,137	51,595
TOTAL EXPENDITURES - CURRENT EXPENSE	\$ 2,057,618	\$ 400,432	\$ 2,458,050	\$ 2,392,696	\$ 65,354

**THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES: (Continued)					
CURRENT EXPENSES: (Continued)					
Capital Outlay					
Instructional - Equipment	\$ 12,000	\$ 30,100	\$ 42,100	\$ 42,006	\$ 94
Building Improvements	80,000	(80,000)			
Total Capital Outlay	<u>92,000</u>	<u>(49,900)</u>	<u>42,100</u>	<u>42,006</u>	<u>94</u>
TOTAL EXPENDITURES	<u>2,149,618</u>	<u>350,532</u>	<u>2,500,150</u>	<u>2,434,702</u>	<u>65,448</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,185	(374,012)	(352,827)	44,774	397,601
Other Financing Sources (Uses):					
Transfer to Food Service Fund				(21,993)	(21,993)
Transfer to Summer Enrichment Fund				(8,456)	(8,456)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	21,185	(374,012)	(352,827)	14,325	367,152
Fund Balances, July 1	132,840		132,840	132,840	
Fund Balances, June 30	<u>\$ 154,025</u>	<u>\$ (374,012)</u>	<u>\$ (219,987)</u>	<u>\$ 147,165</u>	<u>\$ 367,152</u>
RECAPITULATION :					
Restricted:					
Escrow Fund				\$ 30,000	
Assigned to Year-end Encumbrances				12,720	
Unrestricted:					
Unassigned Fund Balance				<u>104,445</u>	
TOTAL				<u>\$ 147,165</u>	

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
AS OF JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
State Sources	\$	\$	\$	\$	\$
Federal Sources	95,413	11,015	106,428	98,614	(7,814)
Total Revenues	<u>95,413</u>	<u>11,015</u>	<u>106,428</u>	<u>98,614</u>	<u>(7,814)</u>
EXPENDITURES:					
Instruction					
General Supplies	2,500	(2,127)	373	373	
Total Instruction	<u>2,500</u>	<u>(2,127)</u>	<u>373</u>	<u>373</u>	
Support Services					
Purchased Prof. & Technical Services	92,913	13,142	106,055	98,241	(7,814)
Total Support Services	<u>92,913</u>	<u>13,142</u>	<u>106,055</u>	<u>98,241</u>	<u>(7,814)</u>
Facilities Acquisition and Construction Services:					
Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>95,413</u>	<u>11,015</u>	<u>106,428</u>	<u>98,614</u>	<u>(7,814)</u>
Other Financing Sources (Uses)					
Total Outflows	<u>95,413</u>	<u>11,015</u>	<u>106,428</u>	<u>98,614</u>	<u>(7,814)</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION -
PART II

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET-TO-GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule	[C-1] \$ 2,479,476	[C-2] \$ 98,614
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements		
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$ 2,479,476	[B-2] \$ 98,614
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 2,434,702	[C-2] \$ 98,614
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.		
Net transfers (outflows) to general fund		
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$ 2,434,702	[B-2] \$ 98,614

REQUIRED SUPPLEMENTARY INFORMATION
PART III

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
Schedules of Required Supplementary Information Part III

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Public Employee's Retirement System

	<u>2015</u>
District's Proportion of the Net Pension Liability(Asset)	0.0012868978%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 240,942
District's Covered-Employee Payroll	\$ 52,534
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-employee payroll	458.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

SCHEDULE L-2

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
Schedules of Required Supplementary Information Part III

SCHEDULE OF THE DISTRICT CONTRIBUTIONS

Public Employee's Retirement System (PERS)

	<u>2015</u>
Contractually Required Contribution	\$ 10,069
Contributions in Relation to the Contractually Required Contribution	(10,069)
Contribution Deficiency (Excess)	\$ <u> </u>
District's Covered-Employee Payroll	\$ 52,534
Contributions as a Percentage of Covered-Employee Payroll	19.17%

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
Schedules of Required Supplementary Information Part III

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Teachers Pension Plan

	<u>2015</u>
District's Proportion of the Net Pension Liability(Asset)	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	* \$ -
District's Covered-Employee Payroll	\$ 483,100
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage Percentage of its covered-employee	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%

Note: The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

* The Charter School was not enrolled in the Teachers Pension Plan as of the measurement period used to determine the net pension liability.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PART III

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
PENSION SCHEDULES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Teachers' Pension and Annuity Fund (TPAF)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Change of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

Public Employees' Retirement System (PERS)

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Change of assumptions. Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>NCLB</u>				<u>Totals</u>	
	<u>Title I</u>	<u>Title II</u>	<u>IDEA</u>	<u>IDEA</u>	<u>2015</u>	<u>2014</u>
	<u>Part A</u>	<u>Part A</u>	<u>Preschool</u>	<u>Basic</u>		
REVENUES:						
Federal Sources	\$ 55,823	\$ 431	\$ 313	\$ 42,047	\$ 98,614	\$ 92,607
Total Revenues	\$ 55,823	\$ 431	\$ 313	\$ 42,047	\$ 98,614	\$ 92,607
EXPENDITURES:						
Instruction:						
Salaries of Teachers	\$	\$	\$	\$	\$	\$ 30,000
Supplies and Materials				373	373	31,547
Total Instruction				373	373	61,547
Support Services:						
Employee Benefits						2,294
Purchased Prof. & Technical Services	55,823	431	313	41,674	98,241	28,766
Total Support Services	55,823	431	313	41,674	98,241	31,060
Facilities Acquisitions & Const Serv:						
Property						
Total Facilities Acquisition & Const Serv						
Total Expenditures	\$ 55,823	\$ 431	\$ 313	\$ 42,047	\$ 98,614	\$ 92,607

PROPRIETARY FUND

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund – This fund provides for the operation of food services in the school.

Before and After Care Program – This fund provides for the supervision of students due to the extended day beyond the regular school hours.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>Food Service Fund</u>	<u>Before and After Care Program</u>	<u>Summer Enrichment</u>	<u>Totals</u>	
				<u>2015</u>	<u>2014</u>
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 509	\$ 15,937	\$ 7,471	\$ 23,917	\$ 14,179
Accounts Receivable:					
State	116			116	104
Federal	4,673			4,673	6,604
Other	39			39	644
Interfund Receivable - Payroll	3,743			3,743	3,743
Interfund Receivable - General Fund	5,864			5,864	13,266
Total Current Assets	<u>\$ 14,944</u>	<u>\$ 15,937</u>	<u>\$ 7,471</u>	<u>\$ 38,352</u>	<u>\$ 38,540</u>
LIABILITIES AND NET POSITION:					
Current Liabilities:					
Accounts Payable	\$ 14,944	\$	\$	\$ 14,944	\$ 35,674
Interfund Accounts Payable		12,276	7,471	19,747	
Total Current Liabilities	<u>14,944</u>	<u>12,276</u>	<u>7,471</u>	<u>34,691</u>	<u>35,674</u>
Net Position:					
Unreserved Retained Earnings		3,661		3,661	2,866
Total Net Position		<u>3,661</u>		<u>3,661</u>	<u>2,866</u>
Total Liabilities and Net Position	<u>\$ 14,944</u>	<u>\$ 15,937</u>	<u>\$ 7,471</u>	<u>\$ 38,352</u>	<u>\$ 38,540</u>

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
FOOD SERVICES ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Food Service Fund</u>	<u>Before and After Care Program</u>	<u>Summer Enrichment</u>	<u>Totals</u>	
				<u>2015</u>	<u>2014</u>
OPERATING REVENUES:					
Local Sources:					
Daily Sales - Reimbursable Programs: \$	14,287	\$	\$	14,287	\$ 13,684
Tuition			9,144	9,144	
Extended Day Fees		9,602		9,602	18,123
Total Operating Revenue	14,287	9,602	9,144	33,033	31,807
OPERATING EXPENSES:					
Salaries	21,110	6,779	14,950	42,839	25,000
Food Costs	56,522			56,522	53,209
Other Expenses		966	2,650	3,616	1,955
Total Operating Expenses	77,632	7,745	17,600	102,977	80,164
Operating Loss	(63,345)	1,857	(8,456)	(69,944)	(48,357)
Non-Operating Revenues:					
State Sources:					
State School Lunch Program	697			697	652
Federal Sources:					
School Breakfast Program	7,317			7,317	12,587
National School Lunch Program	32,276			32,276	28,003
Total Non-Operating Revenues	40,290			40,290	41,242
Net Income before Operating Transfers	(23,055)	1,857	(8,456)	(29,654)	(7,115)
Transfer from General Fund	21,993		8,456	30,449	
Net Income	(1,062)	1,857		795	(7,115)
Net Position - July 1	1,062	1,804		2,866	9,981
Net Position - June 30	\$	\$ 3,661	\$	\$ 3,661	\$ 2,866

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
FOOD SERVICES ENTERPRISE FUND
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2015 AND 2014

	Food Service Fund	Before and After Care Program	Summer Enrichment	Totals	
				2015	2014
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 14,287	\$ 9,602	\$ 9,144	\$ 33,033	\$ 31,807
Payments to Employees	(21,110)	(6,779)	(14,950)	(42,839)	
Payments to Suppliers	(55,050)	(966)	4,821	(51,195)	(62,335)
Net Cash Used by Operating Activities	(61,873)	1,857	(985)	(61,001)	(30,528)
Cash Flows from Non-capital Financing Activities					
Cash Received from General Fund Reimbursements	21,993		8,456	30,449	
Cash Received from State and Federal Reimbursements	40,290			40,290	41,242
Net Cash Provided by Non-capital Financing Activities	62,283		8,456	70,739	41,242
Net Cash Provided by Investment Interest Activities					
Net Increase in Cash	410	1,857	7,471	9,738	10,714
Cash and Cash Equivalents, July 1	99	14,080		14,179	3,465
Cash and Cash Equivalents, June 30	\$ 509	\$ 15,937	\$ 7,471	\$ 23,917	\$ 14,179
Operating Income (Loss)	\$ (63,345)	\$ 1,857	\$ (8,456)	\$ (69,944)	\$ (48,357)
Adjustments to Reconcile Operating Income (Loss)					
to Cash Used by Operating Activities:					
Decrease/(Increase) in Accounts Receivable	2,524			2,524	(7,352)
Decrease/(Increase) in Interfund Accounts Receivable	(5,322)	12,724		7,402	3,124
Decrease/(Increase) in Due from Bank					
(Decrease)/Increase in Accounts Payable	4,270	(12,724)		(8,454)	22,057
(Decrease)/Increase in Interfund Accounts Payable			7,471		
Net Cash Used by Operating Activities	\$ (61,873)	\$ 1,857	\$ (985)	\$ (68,472)	\$ (30,528)

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments an/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the schools.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2014)

	<u>Unemployment</u> <u>Trust</u>	<u>Student</u> <u>Activities</u>	<u>Payroll</u>	<u>Total</u>	
				<u>2015</u>	<u>2014</u>
ASSETS:					
Cash and Cash Equivalents	\$ 3,566	\$ 1,749	\$ 321	\$ 5,636	\$ 16,898
Due from Payroll Agency	2,617			2,617	
Due from General Fund			6,039	6,039	4,661
Total Assets	\$ 6,183	\$ 1,749	\$ 6,360	\$ 14,292	\$ 21,559
LIABILITIES AND NET POSITION:					
Liabilities:					
Cash Overdraft	\$	\$	\$	\$	
Due to Student Groups		1,749		1,749	12,975
Due to Food Service			3,743	3,743	3,743
Due to Unemployment Account			2,617	2,617	1,275
Total Liabilities		1,749	6,360	8,109	17,993
Net Position:					
Held in Trust for Unemployment Claims and Other Purposes	6,183			6,183	3,566
Total Liabilities and Net Position	\$ 6,183	\$ 1,749	\$ 6,360	\$ 14,292	\$ 21,559

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
FIDUCIARY FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015 AND 2014

	<u>Expendable Trust</u>		<u>Total</u> <u>2014</u>
	<u>Unemployment</u> <u>Funds</u>	<u>Total</u> <u>2015</u>	
ADDITIONS:			
Contributions	\$	\$	\$
Employee Deductions	2,617	2,617	3,566
Total Additions	<u>2,617</u>	<u>2,617</u>	<u>3,566</u>
DEDUCTIONS:			
Total Deductions			
Change in Net Position	<u>2,617</u>	<u>2,617</u>	<u>3,566</u>
Net Position - Beginning of the Year	<u>3,566</u>	<u>3,566</u>	
Net Position - End of the Year	<u>\$ 6,183</u>	<u>\$ 6,183</u>	<u>\$ 3,566</u>

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1,</u> <u>2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2015</u>	<u>Balance</u> <u>June 30,</u> <u>2015</u>
Student Activity Fund	\$ 12,975	\$ 33,270	\$ 44,496	\$	\$ 1,749

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 357	\$ 5	\$ 41	\$ 321
Due from General Fund	4,661	1,378		6,039
Total Assets	<u>\$ 5,018</u>	<u>\$ 1,383</u>	<u>\$ 41</u>	<u>\$ 6,360</u>
LIABILITIES AND RESERVES:				
Due to Food Service	\$ 3,743	\$	\$	\$ 3,743
Due to Unemployment Account	1,275	1,383	41	2,617
Total Liabilities	<u>5,018</u>	<u>1,383</u>	<u>41</u>	<u>6,360</u>
Total Liabilities and Reserves	<u>\$ 5,018</u>	<u>\$ 1,383</u>	<u>\$ 41</u>	<u>\$ 6,360</u>

STATISTICAL SECTION

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NET POSITION BY COMPONENT
LAST FOUR FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 114,527	\$ 108,177	\$ 98,410	\$ 112,811
Restricted - Escrow			15,000	30,000
Unrestricted	54,554	(9,148)	117,840	77,201
Total Governmental Activities Net Position	<u>\$ 169,081</u>	<u>\$ 99,029</u>	<u>\$ 231,250</u>	<u>\$ 220,012</u>
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	\$	\$	\$	\$
Unrestricted	9,981	9,981	2,866	3,661
Total Business-Type Activities Net Position	<u>\$ 9,981</u>	<u>\$ 9,981</u>	<u>\$ 2,866</u>	<u>\$ 3,661</u>
District-Wide				
Invested in Capital Assets, Net of Related Debt	\$ 114,527	\$ 108,177	\$ 98,410	\$ 112,811
Restricted			15,000	30,000
Unrestricted	64,535	833	120,706	80,862
Total District-Wide Net Position	<u>\$ 179,062</u>	<u>\$ 109,010</u>	<u>\$ 234,116</u>	<u>\$ 223,673</u>

Source: CAFR Schedule A-1

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
CHANGES IN NET POSITION
LAST FOUR FISCAL YEARS
(Accrual Basis of Accounting)
(UNAUDITED)

	2012	2013	2014	2015
Expenses				
Governmental activities				
Instruction	\$ 586,591	\$ 846,326	\$ 987,261	\$ 908,932
Support Services				
School Administrative Services	293,120	407,728	617,671	1,085,509
General Administrative Services	334,951	609,703	573,399	503,772
Other	20,831	22,440	23,847	27,605
Total Governmental Activities Expenses	<u>1,235,493</u>	<u>1,886,197</u>	<u>2,202,178</u>	<u>2,525,818</u>
Business-Type Activities				
Food Service	46,138	55,953	53,864	77,632
Extended Day		23,204	26,300	7,745
Summer Enrichment				17,600
Total Business-Type Activities Expense	<u>46,138</u>	<u>79,157</u>	<u>80,164</u>	<u>102,977</u>
Total District Expenses	<u>\$ 1,281,631</u>	<u>\$ 1,965,354</u>	<u>\$ 2,282,342</u>	<u>\$ 2,628,795</u>
Program Revenues				
Governmental Activities				
Charges for Services	\$	\$	\$	\$
Operating Grants and Contributions	20,470	88,663	84,793	206,258
Total Governmental Activities Program Revenues	<u>20,470</u>	<u>88,663</u>	<u>84,793</u>	<u>206,258</u>
Business-Type Activities				
Charges for Services				
Food Service	7,515	14,356	13,684	14,287
Before and After Care	9,981	23,204	18,123	9,602
Summer Enrichment				9,144
Operating Grants and Contributions	30,156		41,242	40,290
Total Business-Type Activities Program Revenues	<u>47,652</u>	<u>37,560</u>	<u>73,049</u>	<u>73,323</u>
Total District Program Revenues	<u>\$ 68,122</u>	<u>\$ 126,223</u>	<u>\$ 157,842</u>	<u>\$ 279,581</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (1,215,023)	\$ (1,797,534)	\$ (2,117,385)	\$ (2,319,560)
Business-Type Activities	1,514	(41,597)	(7,115)	(29,654)
Total District-Wide Net Expense	<u>\$ (1,213,509)</u>	<u>\$ (1,839,131)</u>	<u>\$ (2,124,500)</u>	<u>\$ (2,349,214)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property Taxes Levied for General Purposes, net	\$ 498,440	\$ 765,932	\$ 993,596	\$ 1,092,017
Unrestricted Grants and Contributions	862,784	1,003,075	1,188,689	1,244,749
Investment Earnings	85	72	43	49
Miscellaneous Income	31,262		67,278	1,956
Transfers	(8,467)	(41,597)		(30,449)
Total Governmental Activities	<u>1,384,104</u>	<u>1,727,482</u>	<u>2,249,606</u>	<u>2,308,322</u>
Business-Type Activities				
Transfer	8,467	41,597		30,449
Total Business-Type Activities	<u>8,467</u>	<u>41,597</u>		<u>30,449</u>
Total District-Wide	<u>\$ 1,392,571</u>	<u>\$ 1,769,079</u>	<u>\$ 2,249,606</u>	<u>\$ 2,338,771</u>
Change in Net Position				
Governmental Activities	\$ 169,081	\$ (70,052)	\$ 132,221	\$ (11,238)
Business-Type Activities	9,981		(7,115)	795
Total District-Wide	<u>\$ 179,062</u>	<u>\$ (70,052)</u>	<u>\$ 125,106</u>	<u>\$ (10,443)</u>

Source: CAFR Schedule A-2

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
FUND BALANCES-GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(Modified Accrual Basis of Accounting)
(UNAUDITED)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Restricted - Escrow	\$	\$	\$ 15,000	\$ 30,000
Assigned- Year-End-Encumbrances				12,720
Unrestricted (Deficit)	54,554	(9,148)	117,840	104,445
Total General Fund	<u>\$ 54,554</u>	<u>\$ (9,148)</u>	<u>\$ 132,840</u>	<u>\$ 147,165</u>
All Other Governmental Funds				
Restricted	\$	\$	\$	\$
Unrestricted, Reported in: Special Revenue Fund				
Total All Other Governmental Funds	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Source: CAFR Schedule B-1

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST FOUR FISCAL YEARS
(UNAUDITED)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Tax Levy	\$ 498,440	\$ 765,932	\$ 993,596	\$ 1,092,017
Investment Earnings	85	72	43	49
Miscellaneous	31,262		67,278	1,956
State Sources	862,784	1,003,075	1,188,689	1,385,454
Federal Sources	20,470	88,663	84,793	98,614
Total Revenues	<u>1,413,041</u>	<u>1,857,742</u>	<u>2,334,399</u>	<u>2,578,090</u>
Expenditures				
Instruction				
Regular Instruction	586,591	846,326	987,261	908,932
Support Services				
School Administrative Services	293,120	407,728	617,671	1,085,509
General Administrative Services	334,951	609,703	573,399	496,869
Capital Outlay	135,358	16,090	14,080	42,006
Total Expenditures	<u>1,350,020</u>	<u>1,879,847</u>	<u>2,192,411</u>	<u>2,533,316</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	63,021	(22,105)	141,988	44,774
Other Financing Sources (Uses)				
Transfers	(8,467)	(41,597)		(30,449)
Total Other Financing Sources (Uses)	<u>(8,467)</u>	<u>(41,597)</u>		<u>(30,449)</u>
Net Change in Fund Balances	<u>\$ 54,554</u>	<u>\$ (63,702)</u>	<u>\$ 141,988</u>	<u>\$ 14,325</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Source: CAFR Schedule B-2

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST FOUR FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>		<u>Interest on</u> <u>Investments</u>	<u>Fundraisers</u>	<u>Donation</u>	<u>Prior Year</u> <u>Expenditure</u> <u>Adjustments</u>	<u>Misc.</u>	<u>Total</u>
2015	\$	49	\$	\$	\$	1,956	\$ 2,005
2014		43			60,466	6,769	67,278
2013		72					72
2012		85	11,769	250		19,158	31,262

Source: District Records

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
DEMOGRAPHIC AND ECONOMIC STATISTICS**
LAST FOUR FISCAL YEARS
(UNAUDITED)

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2015 *	64,669 \$	3,034,240,379 \$	46,920	7.5%
2014	64,075	2,976,604,125	46,455	8.0%
2013	64,297	2,957,366,234	45,995	8.1%
2012	64,406	2,933,049,240	45,540	9.2%

** The above demographics reflect the entire Township of Gloucester.

The students of The Kingdom Charter School of Leadership represent approximately 2.9% of the total number of students in Gloucester Township.

* Estimate

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income

^c Per Capita (County vs Municipal information)

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES
BY FUNCTION/PROGRAM
LAST FOUR FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction				
Regular	5.0	7.0	12	14
Special education	3.0	3.0	2	2
Other special education				
Vocational				
Other instruction				
Support Services:				
Student & instruction related services			3	2
General administrative services			1	1
School administrative services			2	
Business administrative services				
Plant operations and maintenance				
Pupil transportation			3	2
Food Service				
Total	<u>8.0</u>	<u>10.0</u>	<u>23</u>	<u>21</u>

Source: District Personnel Records

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
OPERATING STATISTICS
LAST FOUR FISCAL YEARS
 (UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio Elem.</u>	<u>Average Daily Enrollment (ADE) ^c</u>	<u>Average Daily Attendance (ADA) ^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2015	199	\$ 2,491,310	\$ 12,519	16	12:01	199.0	190.0	10.56%	95.48%
2014	180	2,178,331	12,102	14	13:01	180.0	166.0	25.00%	92.22%
2013	145	1,863,757	12,853	10	14:01	144.0	129.2	22.45%	89.72%
2012	119	1,214,662	10,207	8	14:01	117.6	114.0	NA	96.94%

Sources: District records, ASSA and Schedule J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHOOL BUILDING INFORMATION
LAST FOUR FISCAL YEARS
(UNAUDITED)

<u>District Building</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Elementary</u>				
Square Feet	13,360	13,360	13,360	13,360
Capacity (students)	210	210	210	210
Enrollment	119	145	180	199

Other

Number of Schools at June 30, 2015

 Elementary = 1

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

KINGDOM CHARTER SCHOOL OF LEADERSHIP
INSURANCE SCHEDULE
LAST FOUR FISCAL YEARS
(UNAUDITED)

Fortitude Insurance Group	Type of Coverage	Coverage	Deductible
	July 1, 2014 - June 30, 2015:		
Carolina Casualty Insurance Group	D&O / EPLI	1,000,000	5,000
Markel Insurance Company	Package:		
	Commercial General Liability	3,000,000	
	Commercial Property	400,000	1,000
	Crime	100,000	500
Markel Insurance Company	Automobile	1,000,000	
Markel Insurance Company	Umbrella	5,000,000	10,000
Liberty Mutual Ins Company	Workers Compensation		
	Bodily injury by Accident	1,000,000	
	Bodily injury by Disease - Policy	1,000,000	
	Bodily injury by Disease - Per Employee	1,000,000	
Hartford Ins Company	Student Accident		
	Accidental Death Benefit	10,000	
	Accidental Dismemberment Benefit	10,000	
	Accident Medical Expense Benefit	25,000	
	<i>Deductible Amount</i>		
	<i>*Max Dental Limit</i>	1,000	

Source: District Records

KINGDOM CHARTER SCHOOL OF LEADERSHIP
CHARTER SCHOOL PERFORMANCE FRAMEWORK
FINANCIAL PERFORMANCE - FISCAL RATIOS
JUNE 30, 2015
(UNAUDITED)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Source</u>	
Cash	\$ 117,435	\$ 77,425	\$ 69,536	Audit: Exhibit A-1	
Current Assets	230,161	287,519	262,618	Audit: Exhibit A-1	
Total Assets	338,338	385,929	375,429	Audit: Exhibit A-1	
Current Liabilities	193,488	151,813	111,792	Audit: Exhibit A-1	
Total Liabilities	193,488	151,813	352,734	Audit: Exhibit A-1	
Net Position	\$ 144,850	\$ 234,116	\$ 223,673	Audit: Exhibit A-1	
Total Revenue	\$ 1,895,302	\$ 2,407,448	\$ 2,618,352	Audit: Exhibit A-2	
Total Expenses	1,965,354	2,282,342	2,628,795	Audit: Exhibit A-2	
Change in Net Position	\$ (70,052)	\$ 125,106	\$ (10,443)		
Depreciation Expense	\$ 22,440	\$ 23,847	\$ 27,605	Financial Statements/ Audit Workpapers	
Interest Expense				Financial Statements/ Audit Workpapers	
Principal Payments				Financial Statements/ Audit Workpapers	
Interest Payments				Financial Statements/ Audit Workpapers	
Final Average Daily Enrollment	118	144	199	DOE Enrollment Reports	
March 30th Budgeted Enrollment	119	145	199	Charter School Budget	
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>3 Year Cumulative</u>	<u>Source</u>
Near Term Indicators					
Current Ratio	1.19	1.89	2.35	1.71	Current Assets/ Current Liabilities
Unrestricted Days Cash	21.81	12.38	9.65	14.03	Cash/ (Total Expenses/365)
Enrollment Variance	99%	99%	100%	99%	Average Daily Enrollment / Budgeted Enrollment
Default	N/A	N/A	N/A		Audit
Sustainability Indicators					
Total Margin	-4%	5%	0%	1%	Change in Net Position/ Total Revenue
Debt to Asset	0.57	0.39	0.94	0.63	Total Liabilities/ Total Assets
Cash Flow	6,819	(33,191)	(47,899)	(47,899)	Net change in cash flow from prior years
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	<u>(Change in Net Position+Interest Expense)</u> (Principal & Interest Payments)

SINGLE AUDIT SECTION

NIGHTLINGER, COLAVITA & VOLPA

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November 27, 2015

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

The Members of the Board of Trustees of
The Kingdom Charter School of Leadership
County of Camden
121 West Church Street
Blackwood, NJ 08012

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Trustees of The Kingdom Charter School of Leadership, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Trustees of The Kingdom Charter School of Leadership's basic financial statements and have issued our report thereon dated November 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered The Kingdom Charter School of Leadership Board of Trustee's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Kingdom Charter School of Leadership Board of Trustee's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Kingdom Charter School of Leadership Board of Trustee's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

We did, however, note one immaterial matter regarding internal control over financial reporting labeled 2015-3 that we have reported to the Board of Trustees in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 27, 2015.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Kingdom Charter School of Leadership, Board of Trustees' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and are described in the accompanying schedule of findings and questioned costs as items labeled finding 2015-1.

We also noted one other immaterial matter regarding compliance labeled 2015-4 that we have reported to the Board of Trustees in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 27, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, The Kingdom Charter School of Leadership, Board of Trustees, the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA, RMA
Licensed Public School Accountant
No. 915

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November 27, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES REQUIRED BY OMB CIRCULAR A-133
AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08**

INDEPENDENT AUDITOR'S REPORT

The Members of the Board of Trustees of
The Kingdom Charter School of Leadership
County of Camden
121 West Church Street
Blackwood, NJ 08012

Report on Compliance for Each Major Program

We have audited the Board of Trustees of The Kingdom Charter School of Leadership, in the County of Camden, State of New Jersey, compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 and/or 15-08, the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2015. The Kingdom Charter School of Leadership, Board of Trustees major state programs is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Kingdom Charter School of Leadership Board of Trustees' major federal and state compliance based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey's OMB's 04-04 and/or 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB's Circular 04-04 and/or 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about The Kingdom Charter School of Leadership Board of Trustees compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion of compliance for each major federal and state program. Our audit does not provide a legal determination of The Kingdom Charter School of Leadership, Board of Trustees compliance with those requirements.

Opinion on Each Major Program

In our opinion, the Board of Trustees of The Kingdom Charter School of Leadership in the County of Camden, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Board of Trustees of The Kingdom Charter School of Leadership is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered The Kingdom Charter School of Leadership Board of Trustees' internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04 and/or 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Kingdom Charter School of Leadership Board of Trustees' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We identified two deficiencies in internal control over compliance that we consider to be significant weaknesses, as defined above and labeled Findings 2015-2 and 2015-5 and were reported to the Board of Trustees in a separate report entitled *Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 27, 2015.

The Kingdom Charter School of Leadership Board of Trustees' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Kingdom Charter School of Leadership Board of Trustees' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08.

This report is intended solely for the information and use of the audit committee, management, The Kingdom Charter School of Leadership Board of Trustees, the New Jersey State Department of Education, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA, RMA
Licensed Public School Accountant
No. 915

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SCHEDULE A)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

EXHIBIT K-3

Federal Grantor/Pass-Through Grantor/ Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Carryover (Walkover) Amount	Cash Received	Adjustmt.	Budgetary Expend- itures	Balance at June 30, 2015		
				From	To						(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Agriculture													
Passed-through State Department of Education:													
Enterprise Fund:													
National School Lunch Program	10.555	N/A	32,276	7/1/14	6/30/15			\$ 28,618		\$ (32,276)	\$ (3,658)		
National School Lunch Program	10.555	N/A	28,003	7/1/13	6/30/14	\$ (4,632)		4,632					
School Breakfast Program	10.553	N/A	7,317	7/1/14	6/30/15			6,302		(7,317)	(1,015)		
School Breakfast Program	10.553	N/A	12,587	7/1/13	6/30/14	(1,972)		1,972					
Total Enterprise Fund:						(6,604)		41,524		(39,593)	(4,673)		
U.S. Department of Education													
Passed-through State Department of Education:													
Special Revenue Fund:													
Title I Part A	84.010	NCLB606715	60,436	7/1/14	6/30/15			60,436		(55,823)	4,613		
Title I Part A Carryover	84.010	NCLB606714	68,201	7/1/13	6/30/14	(3,662)					(3,662)		
Title II A	84.367	NCLB606715	431	7/1/14	6/30/15			431		(431)			
Title II A	84.367	NCLB606714	294	7/1/13	6/30/14	(609)					(609)		
Title II A	84.367	NCLB606713	1,611	7/1/12	8/31/13	(219)					(219)		
IDEA Basic	84.027	IDEA606715	34,233	7/1/14	6/30/15			22,423		(42,047)	(19,624)		
IDEA Basic	84.027	IDEA606712	18,756	9/1/11	8/31/12	1,256						\$ 1,256	
IDEA Preschool	84.173	IDEA606715	313	7/1/14	6/30/15			313		(313)			
Total Federal Financial Awards						(3,234)		83,603		(98,614)	(19,501)	1,256	
						\$ (9,838)		\$ 125,127		\$ (138,207)	\$ (24,174)	\$ 1,256	

The accompanying Notes to the Financial statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (SCHEDULE B)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2014		Cash Received	Budgetary Expenditures	Adjustment	Balance at June 30, 2015			
				Unearned Revenue (Accts. Rec.)	Due to Grantor				(Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	
State Department of Education												
General Fund												
Equalization Aid	15-495-034-5120-078	\$1,204,423	7/1/14 to 6/30/15									
Equalization Aid	14-495-034-5120-078	1,096,096	7/1/13 to 6/30/14	\$ (27,341)		\$ 1,169,219	\$ (1,204,423)		\$ (35,204)			
Special Education	15-495-034-5120-089	16,323	7/1/14 to 6/30/15			36,027						
Security Aid	15-495-034-5120-084	24,003	7/1/14 to 6/30/15			14,167	(16,323)		(2,156)		\$ 8,686	
Security Aid	14-495-034-5120-084	22,099	7/1/13 to 6/30/14		\$ 779	19,766	(24,003)		(4,237)			
Reimbursed TPAF Social Security Contrib.	15-495-034-5095-002	55,158	7/1/14 to 6/30/15					\$ 794				
Reimbursed TPAF Social Security Contrib.	14-495-034-5095-002	46,144	7/1/13 to 6/30/14	(2,372)		55,158	(55,158)					1,573
						2,372						
Total General Fund				(29,713)	779	1,296,709	(1,299,907)	794	(41,597)			10,259
State Department of Agriculture												
Enterprise Fund - State Share:												
National School Lunch Program	15-100-010-3350-023	697	7/1/14 to 6/30/15			581	(697)					
National School Lunch Program	15-100-010-3350-023	652	7/1/13 to 6/30/14	(104)		104			(116)			
				(104)		685	(697)		(116)			
Total State Financial Assistance Subject to OMB 04-04/15-08				\$ (29,817)	\$ 779	\$ 1,297,394	\$ (1,300,604)	\$ 794	\$ (41,713)			\$ 10,259
On Behalf TPAF Contributions Not Subject to OMB 04-04/15-08												
On-Behalf TPAF Post Retirement Medical	15-495-034-5095-001	52,486	7/1/14 to 6/30/15			\$ 52,486	\$ (52,486)					
On-Behalf TPAF Pension Contribution	15-495-034-5095-006	33,061	7/1/14 to 6/30/15			33,061	(33,061)					
Total State Financial Assistance						\$ 1,382,941	\$ (1,386,151)					

The accompanying Notes to the Financial statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1: GENERAL

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state award programs of the Board of Trustees, The Kingdom Charter School of Leadership. The board of trustees is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made (GASB 34).

The general fund is presented in the accompanying schedules on a modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

There was no net adjustment to reconcile from the budgetary basis to the GAAP basis for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue fund. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$	\$
Special Revenue Fund	98,614	1,385,454	1,385,454
Food service Fund	39,593	697	98,614
Total Awards & Financial Assistance	\$ <u>138,207</u>	\$ <u>1,386,151</u>	\$ <u>1,524,358</u>

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING

The Kingdom Charter School of Leadership had no outstanding loans at June 30, 2015.

NOTE 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported if any as TPAF Pension Contributions represents the amount paid by the state on behalf of the Charter School for the year ended June 30, 2015. TPAF Social Security Contributions represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

NOTE 7: SCHOOL-WIDE PROGRAM FUNDS

As the District's Federal Programs are on a targeted student group basis, there are no school-wide programs in the District.

NOTE 8: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

NOTE 9: ADJUSTMENTS

There was one immaterial prior period adjustment for Security Aid reflected on the Schedule of Expenditures of State Financial Assistance (Schedule B).

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

1) Material weakness (es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to basic financial statements noted?

_____ yes X no

Federal Awards N/A

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ yes _____ none reported

Type of auditor's report issued on compliance for major programs:

N/A

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?

_____ yes _____ no

CFDA Number(s)

Name of Federal Program or Cluster

No Major Federal Programs

Dollar threshold used to distinguish between type A and type B programs: N/A

Auditee qualified as low-risk auditee? _____ yes _____ no

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2105
(continued)

Section I - Summary of Auditor's Results (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? _____ yes _____ X no

Internal control over major programs:

1) Material weakness (es) identified? _____ yes _____ X no

2) Significant deficiencies identified that are not considered to be material weaknesses? _____ X yes _____ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04 and/or 15-08 _____ X yes _____ no

Identification of major programs:

GMIS Number(s)

Name of State Program

15-495-034-5120-078

Equalization Aid

15-495-034-5120-089

Special Education

15-495-034-5120-084

Security Aid

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weakness and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2015-1

Criteria or specific requirement:

N.J.S.A. 18A:17-32 states that when a Board of Education determines the amount of surety bond coverage for a Treasurer, the amount shall be guided by a schedule of minimum limits to be promulgated by the State board. The minimum requirements for the surety bond shall be such percentage of the current year's budget as is required in the schedule set forth in N.J.A.C. 6A:23A-16.4.

Condition:

The Treasurer's surety bond coverage, for the 2014-15 School Year, did not meet the minimum amount required by N.J.A.C. 6A:23A-16.4.

Questioned Costs: NONE

Context:

The Treasurer's surety bond coverage of \$100,000 did not meet the required minimum coverage amount of \$149,000 for the 2014-15 School Year.

Effect:

The Treasurer did not maintain adequate surety bond coverage during the 2014-15 School Year.

Cause: Inadvertent oversight

Recommendation:

A review of the Charter School's surety bonds should be conducted, in order to ensure the Treasurer maintains adequate coverage in future periods.

Management's response:

Management is aware of the finding and agrees with the recommendation.

**THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2105
(continued)**

**Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs**

FEDERAL AWARDS

Finding: NONE

Information on the state program:

Criteria or specific requirement:

Condition:

Questioned Costs:

Effect:

Cause:

Recommendation:

Management's response:

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

STATE AWARDS

Information on the state program: Equalization Aid (GMIS No. 495-034-5120-078), Security Aid (GMIS No. 495-034-5120-084), Special Education Aid (GMIS No. 495-034-5120-089)

Finding 2015-2

Criteria or specific requirement:

Proper internal control dictates that where detailed information is not accurately reflected in the General Ledger, adjusting journal entries should be recorded on a timely basis.

Condition:

While revenue and cash receipts from the various sending districts appeared to be recorded in the supporting revenue subsidiary worksheet, the General Ledger was not adequately adjusted to accurately reflect various accounts receivables and or payables.

Questioned Costs: NONE

Context:

Amounts due to or from the various sending districts at year end were not accurately reflected in the Client's General Ledger.

Effect:

The General Ledger did not reflect accurate accounts receivables and or payables from sending districts prior to reflecting adjustments submitted as part of the audit.

Cause: Inadvertent oversight

Recommendation:

Procedures to record periodic journal entries in the General Ledger should be revised, in order to provide accurate accounts receivables and or payables information, regarding revenue from the various sending districts.

Management's response:

Management is aware of the finding and agrees with the recommendation.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(continued)

Section III - Federal Awards and State Financial Assistance
Findings and Questioned Costs

STATE AWARDS (Continued)

Information on the state program: Equalization Aid (GMIS No. 495-034-5120-078), Security Aid (GMIS No. 495-034-5120-084), Special Education Aid (GMIS No. 495-034-5120-089)

Finding 2015-5

Criteria or specific requirement:

Charter Schools are required by the N.J. Dept. of Education Division of Finance to conduct enrollment counts on October 15 and the last day of the school year. A Charter School shall submit each count through the live web-based Charter School Enrollment System, available through the NJ Homeroom website, for the purposes of determining average daily enrollment.

Condition:

In several instances, the number of days reflected as enrolled in the Charter School Enrollment System did not appear accurately calculated, regarding students transferring in/out of the Charter School.

Questioned Costs: NONE

Context:

Accurate maintenance of the enrollment system is vital so that the resident districts can rely on the accuracy of the payment schedules.

Effect:

The proper information was not available for the New Jersey State Department of Education to calculate the correct amount of charter school aid.

Cause: Inadvertent oversight

Recommendation:

Procedures to calculate the proper number of days enrolled should be revised to include an additional review of transfer information, in order that days enrolled may be adjusted prior to submission of the year-end enrollment report.

Management's response:

Management is aware of the finding and agrees with the recommendation.

THE KINGDOM CHARTER SCHOOL OF LEADERSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

STATUS OF PRIOR - YEAR FINDINGS

STATE AWARDS

Finding 2014-1

Information on the state program: Equalization Aid (GMIS No. 495-034-5120-078), Security Aid (GMIS No. 495-034-5120-084), Special Education Aid (GMIS No. 495-034-5120-089)

Condition: There was \$8,872, reflected as capital outlay expenditures that were below the statutory threshold and should have been charged to supplies.

Current Status

This condition has been resolved.

Finding 2014-2

Information on the state program: Equalization Aid (GMIS No. 495-034-5120-078), Security Aid (GMIS No. 495-034-5120-084), Special Education Aid (GMIS No. 495-034-5120-089)

Condition: There were two instances, where an expenditure was in excess of the statutory threshold and a quote was not available for audit.

Current Status

This condition has been resolved.

Finding 2014-3

Information on the state program: Equalization Aid (GMIS No. 495-034-5120-078), Security Aid (GMIS No. 495-034-5120-084), Special Education Aid (GMIS No. 495-034-5120-089)

Condition: In several instances, the number of days reflected as enrolled did not appear calculated correctly and in one instance, a student could not be found in the attendance register.

Current Status

This condition has been resolved.